



PLLAR 3 DISCLOURE REPORT

Investbank.ae

For the period ending 30 September
2022

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1. Introduction

This document presents the quarterly Pillar 3 disclosures of the Bank as on 30 September 2022. The document has been prepared in lines with the CBUAE regulations on Pillar 3 disclosure requirements, with an aim to provide market participants with information related to Bank's capital, risk exposures and liquidity profile.

The Bank is governed by CBUAE guidelines on regulatory capital requirements on a consolidated basis. Pillar 1 defines the total minimum capital requirements for credit, market and operational risk. Invest Bank currently uses standardized approach for assessment of Credit, Market and Operational Risk Weighted Assets (RWA). Under the standardized approach, regulatory prescribed risk weights and parameters are applied to calculate Pillar 1 capital requirements.

The Pillar 3 disclosures are to be read in conjunction with the Audited Financial Statements as of 30 September 2022.

2. Overview of risk management and RWA

2.1 KM1: Key metrics

All numbers in AED 000s

		T	T-1	T-2	T-3	T-4
		30/09/2022	30/06/2022	31/03/2022	31/12/2021	30/09/2021
Available capital (amounts)						
1	Common Equity Tier 1 (CET1)	350,140	422,113	618,939	665,524	771,384
1a	Fully loaded ECL accounting model	320,140	392,113	588,939	620,524	726,384
2	Tier 1	350,140	422,113	618,939	665,524	771,384
2a	Fully loaded ECL accounting model Tier 1	320,140	392,113	588,939	620,524	726,384
3	Total capital	433,642	505,134	707,865	758,805	872,930
3a	Fully loaded ECL accounting model total capital	403,642	475,134	677,865	713,805	827,930
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	7,101,333	7,122,909	7,618,842	8,163,860	8,621,224
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	4.93%	5.93%	8.12%	8.15%	8.95%
5a	Fully loaded ECL accounting model CET1 (%)	4.51%	5.50%	7.73%	7.60%	8.43%
6	Tier 1 ratio (%)	4.93%	5.93%	8.12%	8.15%	8.95%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	4.51%	5.50%	7.73%	7.60%	8.43%
7	Total capital ratio (%)	6.11%	7.09%	9.29%	9.29%	10.13%
7a	Fully loaded ECL accounting model total capital ratio (%)	5.68%	6.67%	8.90%	8.74%	9.60%
Additional CET1 buffer requirements as a percentage of RWA						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Bank D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	-4.82%	-3.41%	-1.21%	-1.21%	-0.37%
Leverage Ratio						
13	Total leverage ratio measure	10,046,098	10,551,518	11,430,246	12,015,357	13,308,307
14	Leverage ratio (%) (row 2/row 13)	3.49%	4.00%	5.41%	5.54%	5.80%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	3.19%	3.72%	5.15%	5.16%	5.46%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	0.00%	0.00%	0.00%	0.00%	0.00%
ELAR						
21	Total HQLA	867,880	861,088	1,535,926	1,746,230	1,853,871
22	Total liabilities	7,841,854	8,324,426	8,951,042	9,375,033	10,020,563
23	Eligible Liquid Assets Ratio (ELAR) (%)	11.07%	10.34%	17.16%	18.63%	18.50%
ASRR						
24	Total available stable funding	6,543,858	7,258,667	7,743,473	7,884,169	8,124,119
25	Total Advances	5,264,316	5,230,821	5,549,374	6,024,182	6,570,269
26	Advances to Stable Resources Ratio (%)	80.45%	72.06%	71.67%	76.41%	80.87%

2.2 OV1: Overview of RWA

All numbers in AED 000s

		RWA		Minimum capital requirements
		T	T-1	T
		30/09/2022	30/06/2022	
1	Credit risk (excluding counterparty credit risk)	6,680,130	6,641,705	701,414
2	Of which: standardised approach (SA)	6,680,130	6,641,705	701,414
3	Of which: foundation internal ratings-based (F-IRB) approach	-	-	-
4	Of which: supervisory slotting approach	-	-	-
5	Of which: advanced internal ratings-based (A-IRB) approach	-	-	-
6	Counterparty credit risk (CCR)	-	-	-
7	Of which: standardised approach for counterparty credit risk	-	-	-
8	Of which: Internal Model Method (IMM)	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	-	-	-
11	Equity positions under the simple risk weight approach	-	-	-
12	Equity investments in funds - look-through approach	-	-	-
13	Equity investments in funds - mandate-based approach	-	-	-
14	Equity investments in funds - fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the banking book	-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-
20	Market risk	81,316	90,829	8,538
21	Of which: standardised approach (SA)	81,316	90,829	8,538
22	Of which: internal models approach (IMA)	-	-	-
23	Operational risk	339,888	390,375	35,688
24	Amounts below thresholds for deduction (subject to 250% risk weight)	-	-	-
25	Floor adjustment	-	-	-
26	Total (1+6+10+11+12+13+14+15+16+20+23)	7,101,333	7,122,909	745,640

3. Leverage ratio

3.1 LR1: Summary comparison of accounting assets vs leverage ratio exposure

All numbers in AED 000s

	a	
1	Total consolidated assets as per published financial statements	10,675,021
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	-
9	Adjustment for securities financing transactions (ie repos and similar secured lending)	-
10	Adjustments for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	(2,389,370)
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12	Other adjustments	1,760,446
13	Leverage ratio exposure measure	10,046,098

3.2 LR2: Leverage ratio common disclosure template

All numbers in AED 000s

		T	T-1
		30/09/2022	30/06/2022
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	8,588,230	9,097,505
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	-	-
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	8,588,230	9,097,505
Derivative exposures			
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	-	-
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	-	-
10	(Exempted CCP leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivative exposures (sum of rows 8 to 12)	-	-
13	Total derivative exposures (sum of rows 8 to 12)	-	-
14	Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	CCR exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	Total securities financing transaction exposures (sum of rows 14 to 17)	-	-
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	4,068,417	3,942,705
20	(Adjustments for conversion to credit equivalent amounts)	(2,389,370)	(2,488,691)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	(221,179)	-
22	Off-balance sheet items (sum of rows 19 to 21)	1,457,868	1,454,014
Capital and total exposures			
23	Tier 1 capital	350,140	422,113
24	Total exposures (sum of rows 7, 13, 18 and 22)	10,046,098	10,551,518
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	3.49%	4.00%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	N/A	N/A
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers		

4. Liquidity

4.1 ELAR: Eligible Liquid Assets Ratio

All numbers in AED 000s

1	High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	613,673	
1.2	UAE Federal Government Bonds and Sukuks	50,000	
	Sub Total (1.1 to 1.2)	663,673	663,673
1.3	UAE local governments publicly traded debt securities	2,000,000	
1.4	UAE Public sector publicly traded debt securities	0	
	Sub total (1.3 to 1.4)	2,000,000	204,207
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	0	0
1.6	Total	2,663,673	867,880
2	Total liabilities		7,841,854
3	Eligible Liquid Assets Ratio (ELAR)		0.11

4.2 Advances to Stables Resource Ratio

All numbers in AED 000s

	Items	Amount
	Computation of Advances	
1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	4,893,577
1.2	Lending to non-banking financial institutions	74,745
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	295,994
1.4	Interbank Placements	0
1.5	Total Advances	5,264,316
	Calculation of Net Stable Ressources	
2.1	Total capital + general provisions	454,276
	Deduct:	
2.1.1	Goodwill and other intangible assets	3,019
2.1.2	Fixed Assets	497,970
2.1.3	Funds allocated to branches abroad	83,124
2.1.5	Unquoted Investments	1,080
2.1.6	Investment in subsidiaries, associates and affiliates	0
2.1.7	Total deduction	585,193
2.2	Net Free Capital Funds	-130,917
2.3	Other stable resources:	
2.3.1	Funds from the head office	0
2.3.2	Interbank deposits with remaining life of more than 6 months	0
2.3.3	Refinancing of Housing Loans	0
2.3.4	Borrowing from non-Banking Financial Institutions	0
2.3.5	Customer Deposits	6,674,392
2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	0
2.3.7	Total other stable resources	6,674,392
2.4	Total Stable Resources (2.2+2.3.7)	6,543,475
	Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)	80.45